

1989 — A Year of Accomplishments

IPSC

Production Incentive Program — IPSC employees earned 60.67 percent of targeted goals for an award of 3.03 percent of their annual base wages.

Turbine Inspection — The first scheduled outages for turbine-generator warranty inspections of both units were completed this year. During the 10-week outages on each unit, the turbine generators were completely disassembled, inspected, and repaired where necessary.

The outage work went exceptionally well and was completed ahead of schedule. Equivalent availability of the two generating units for the year



was 79.44 percent, despite the outages. The capacity factor was 74.6 percent. After the outages were completed, the units' availability and capacity factors returned immediately to over 90 percent.

The Intermountain Converter Station achieved 99.6 percent availability and the Railcar Service Center availability reached 100 percent.

Contract for Railcar Service — IPSC contracted to service the railcars of Sierra Pacific.

Medical Distribution — From the time the first employee was hired, the need for medical insurance was a constant concern. As the need to hire and train a work force to operate the power plant got under way in early 1983, the ability to attract the quality of employees needed was dependent on the ability to offer competitive wages and benefits. Among the benefits was a medical and dental insurance plan.

In the first few years the challenge of escalating costs for the medical and dental plan caused annual headaches. Because the plan was growing and medical inflation was running at near record levels, the cost was increasing dramatically each year. Plan changes in design and level of benefits were reviewed each year to determine if reductions would be necessary. The need to keep competitive benefits and provide the work force with a viable medical and dental plan, keeping costs within budget limits, was proving to be a challenge.

One design change was the implementation of the medical distribution. IPSC had self-insured the medical and dental plans. IPSC purchased reinsurance to provide protection against high claims on both an individual and aggregate basis. At each renewal the carrier based the future liability limits on the history of previous claims. In 1989 IPSC implemented the medical distribution to limit our increases and help employees develop a sense of ownership in the plan. The formula for the medical distribution was developed so that if individuals were prudent in their health care usage they could receive part of the savings the company realized from fewer claims being submitted.

Community Center — In June, the administration of the contract for the operation of the Community Center was transferred from DWP to IPSC. The contract with the Ogden/Burtco Company required them to operate the facility under the direction of the Contract Administrator. IPSC chose to have the Health Analyst, located at the Community Center, to serve as the day-to-day contact for IPSC.

Environmental — A substantial investment in pollution control equipment during the construction of the Intermountain Power Project resulted in emission levels well below the standards proposed by new federal clean air legislation. The current bill required, for example, that sulfur dioxide emissions of power plants be reduced to 1.2 pounds per million BTU. IPP's present emission level was .07 pounds, only 1/16 of that requirement. After 1995 there would be 107 U.S. power plants emitting greater than 2.5 pounds of sulfur dioxide per million BTU. IPP's use of wet scrubbers and low sulfur coal was responsible for its low emission levels.

IPP's nitrogen oxide emissions also fell well below required levels. Those emissions were controlled by burner technology.

Sulfur dioxide and particulate removal from combustion gases were 90 percent and 99.75 percent respectively. Continuous emission monitoring equipment was built into the air quality control systems, and reports are submitted to the Utah Bureau of Air Quality regularly.

Condenser Tube Replacement — In the first quarter of the year, Unit 2 nickel-copper condenser tubes were replaced with titanium tubes by Titanium Metals Corporation of America at a cost of \$3.45 million.

Predictive Maintenance — In 1989, the Plant Manager spoke to the Engineering Group in Technical Services. His address dealt mainly with company goals, strategy, and management philosophies. During the question and answer session that followed, he assigned the Engineering Group to work with Operations and Maintenance to develop our condition-based equipment monitoring technology into a



single program. This program was to become an integrated part of the corporate goals and the management philosophies. A few months later, the Engineering Group made a presentation to the Plant Manager and Department Heads as to how the program would function and be administered. At that time, the united program was adopted by management. The program would be the responsibility of the



Maintenance Department. Operations, Maintenance, and Technical Services would coordinate their efforts in administering the program.

It would be run by three working groups, each chaired by an Assistant Superintendent of Maintenance, who would work with equipment according to areas of responsibilities. The program's development would be overseen by a coordinating committee, chaired by the Maintenance Assistant Superintendent over Planning. The coordinating committee was overseen by a steering committee chaired by the Maintenance Superintendent.

The following monitoring techniques would be further developed:

1. Thermograph
2. Vibration Analysis
3. Oil Analysis
4. Visual Inspections
5. Performance Testing

Audit of Payroll — An audit team representing the Audit Committee of the IPP Coordinating Committee performed an audit of the payroll costs recorded by IPSC for the period of July 1, 1988 through June 30, 1989. The audit covered gross wages of approximately \$23,326,658 that were paid during the fiscal year.

The audit concluded that the payroll cost processes during the period of July 1, 1988 to June 30, 1989, were properly authorized, recorded, and paid.

Number of Employees — By the end of the year, the number of employees was 607.

LADWP

Pond Liner Repairs — Personnel from DWP worked with IPSC, manufacturer's representatives, and consultants to resolve the problems with the pond liners. Some of the polyethylene liners ripped apart during the winter months. This was caused by a lack of provision for material contraction during cold weather. The bottom ash and evaporation ponds were the areas most damaged. The cost of repair was well over \$1 million.





IPA

Financing — Continued aggressive fund management further reduced the average borrowing cost for the Project from last year's 8.57 percent to this year's 8.26 percent. The investment portfolio earned \$92,715,000 during the past fiscal year.

June 30, the current weighted average borrowing cost was 8.26 percent.

New General Manager — On September 29, Reed T. Searle was named the new general manager of the Intermountain Power Agency replacing Boyd Christensen.